

**STATEMENT BY BOB WORTH
PRESIDENT, MINNESOTA SOYBEAN GROWERS ASSOCIATION**

before the

HOUSE COMMITTEE ON AGRICULTURE

**Southwest Minnesota State University, Marshall, Minnesota
July 22, 2006**

Good morning, Mr. Chairman, and Members of the Committee, especially to our Minnesota Congressmen Collin Peterson and Gill Gutmacht

I am Bob Worth, a soybean, corn and wheat farmer from Lake Benton, Minnesota. I am very proud to be serving my second year as President of the Minnesota Soybean Growers Association. I very much appreciate the opportunity to appear before you today.

Mr. Chairman, soybean producers in Minnesota, the Midwest, as well as other regions of the country, support the safety net we now have under the 2002 Farm Bill. Most Minnesota soybean farmers would also support extending current programs when Congress considers new farm legislation next year.

Unfortunately, the current budget baseline for farm program spending declines over the next ten years, and will probably not accommodate expected outlays based on current support levels. We would need additional funding – as was made available in 2001 for the 2002 Farm Bill – in order to extend existing programs. Given the outlook for Federal budget deficits – as opposed to surpluses – in coming years, we will be fortunate to keep the funding level we have. And after facing cuts in the agriculture budget last year, we can expect Congress to consider further reductions in spending after the elections this Fall. Therefore, budget factors alone are likely to force Congress to look at changing the current farm program in next year's farm bill.

Another important concern is the potential for additional WTO challenges of current programs. We are familiar with the results of Brazil's case against the U.S. cotton program last year. In order to avoid sanctions, the U.S. will need to change the Direct Payment program to eliminate the planting restriction on fruit and vegetable crops. Also, both the Marketing Loan and Counter-Cyclical Programs were found to cause "serious prejudice," and could be subject to other cases against other crops, including soybeans.

We also are watching the current negotiations on a new WTO agreement. Last October, the Administration offered to make a 60 percent reduction in outlays permitted under the most production and trade-distorting programs, including the Marketing Loan and dairy and sugar price supports, and a 53 percent overall reduction in all trade-distorting programs. MSGA strongly supports ASA and the other farm organizations who are insisting that importing countries make equally aggressive reductions in their tariffs,

including soybean and livestock products. If an agreement is reached and approved by Congress next year, we will need to make major changes in current farm programs.

Given these uncertainties, MSGA's policy on the 2007 Farm Bill is that: 1) there be no further cuts in the CCC budget baseline for agriculture spending; 2) that farm programs not distort planting decisions between crops; and, 3) that future programs be WTO-compliant, to avoid challenges like the cotton case.

If an acceptable World Trade Organization (WTO) agreement is not achieved prior to the expiration of the current 2002 Farm Bill, MSGA anticipates supporting extending the current farm bill's general provisions until a WTO agreement is eventually reached.

To explore alternatives, a multi-commodity and farm organizations Farm Bill Task Force has been working to look at the so-called Green Box programs that would be considered non-trade distorting under the WTO. The results of their analysis indicate a variety of options that would guarantee 70 percent of historical income and still be WTO-compliant. These options include basing the guarantee on whole farm vs. specific commodity income, looking at using either net or gross income, and guaranteeing income for only program commodities, for program crops plus horticultural crops, or for all crops plus livestock. The cost of these options varies considerably, from \$3.3 billion per year to guarantee 70 percent of gross income on a whole farm basis for only program crops, to over \$10 billion per year to guarantee 70 percent of net income for specific commodities for all crops and livestock.

No farm or commodity group has endorsed the revenue guarantee concept, but want to see how a revenue guarantee could be combined with one or several other farm programs to create a more effective safety net for producers. These could include crop insurance, permanent disaster assistance, and the three main components of the current farm program – the Marketing Loan, Direct Payments, and the Counter-Cyclical Program.

Mr. Chairman, MSGA is very supportive of proposals to strengthen the conservation, energy, research, and trade titles in the 2002 Farm Bill. We are particularly interested in looking at programs that would support soybeans as a source of renewable energy, and to promote domestic biodiesel production through the Commodity Credit Corporation (CCC). The CCC has operated a bioenergy program since 2001, providing payments to biodiesel producers who utilize domestic feedstocks such as soybean oil. This program has facilitated expansion of domestic biodiesel production, but the program sunsets after 2006. Therefore, we strongly urge Congress to authorize and fund the biodiesel bioenergy program. A CCC biodiesel program is justified because imports of already-subsidized biodiesel will undermine the U.S. industry since they are eligible for the tax incentive, as well as a higher premium should be placed on domestic biodiesel production and expansion. The prospective cost of a biodiesel program could be offset by reduced CCC outlays under the soybean Marketing Loan and Counter-Cyclical Programs.

With regard to conservation and research, we are concerned by recent actions that have depleted funding for these programs in order to pay for disaster assistance, or to cover

budget reduction commitments. MSGA supports increased funding for conservation payments to producers on working lands such as through the Conservation Security Program. We also believe that a significant number of acres currently locked up in the Conservation Reserve Program could be farmed in an environmentally sustainable manner, given the enormous increase in no-till farming practices that have been implemented over the past 10 to 15 years. Finally, we strongly support maintaining funding for trade promotion activities under the Foreign Market Development and Market Access Programs, and for international food aid.

Thank you again, Mr. Chairman, for the opportunity to appear today.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Bob Worth
2. Business Address: 1424 County Road 108
Lake Benton, MN 56149
3. Business Phone Number: 507.530.2541
4. Organization you represent: Minnesota Soybean Growers Assn.
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:
Farmer in Lincoln County for 36 years
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:
President of Minnesota Soybean Growers Association

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Bob Worth
Address: 1424 County Road 108 Lake Benton, MN 56149
Telephone: 507.530.2541
Organization you represent (if any): Minnesota Soybean Growers Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: none Amount: _____

Source: none Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: none Amount: _____

Source: none Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: Bob Worth

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.